



# A CASE STUDY OF HOSPITALITY AND TOURISM CHALLENGES AND OPPORTUNITIES IN MALAWI

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Article History: Received on 20<sup>th</sup> March, Revised on 22<sup>nd</sup> August, Published on 05<sup>th</sup> September 2017

## ABSTRACT

Hospitality and tourism industry has a significant part to play in Malawi's economy. The industry has created jobs and contributes to foreign currency generation. Given this importance, research was conducted from 250 hospitality and tourism establishments in Malawi to determine and evaluate any problems currently faced by the industry.

The research identified that the industry is facing some impediments in physical infrastructure development, management, lack of ICT Technologies and marketing. The industry is also characterized by lack or insufficient related rules and policies, high bank interest rates, erratic electricity and high levels of corruption by government officials.

The methodology for the research included the online questionnaire and telephone interviews to a sample of 250 participants. Only 194 participants responded to the questionnaire. The targeted group was managers and the owners of the hospitality and tourism business entities. The findings were analyzed both qualitatively and quantitatively. It is believed that quantitative approach gives a lot of information and is easier to compile the data onto a chart or graph because of the numbers that are made available. On the other hand, qualitative techniques are easier to gain a better understanding of the research findings.

**Keywords:** *Tourism Entrepreneurship, Tourism Challenges, Tourism Opportunity, management, and ICT.*

## INTRODUCTION

The globe has inevitably transformed over the years, and some of the issues that faced the hospitality and tourism industry are also getting changed with time. It is an obvious point that the tourism and hospitality operators demand for change from strategic perspectives to giving more attention to addressing current encounters and consider exploiting the opportunities ([Seyed Morteza Bagherifard, 2013](#)).

Currently, the industry experiences large demographic fluctuations which involve changes in travel configurations and unpredictable financial situations which are growing the force on tourism and hospitality stakeholders to improve current promotions and industry strategies. More newly, health and safety issues such as pandemics and global security concerns have increased the urgency for industry action ([Tione Kaonga 2013](#)).

The impediments facing the hospitality and tourism industry are multifaceted. Providing solutions to these challenges will necessitate a high level of harmonization and collaboration to rationalize resources more effectively. However, the challenge Challenging hospitality and tourism players will be to institute the needed yokes to guarantee the growth of a collaborative strategy in union with some bigger and well established global or national events so that the long-term benefits will be realized throughout the nation. Furthermore, a research identified that the industry is facing some impediments in physical infrastructure development, management, lack of ICT Technologies and marketing. The industry is also characterized by lack or insufficient related rules and policies, high bank interest rates, erratic electricity and high levels of corruption by government officials.

The research methodology encompassed all necessary steps for research activity to be effectively and efficiently administered. This includes the definition of research population; a sample of 250 was randomly selected across the country. An open-ended questionnaire was administered and was complimented with telephone interviews. The data analysis has been qualitative and quantitative to gain more insights.

The survey immensely indicates some challenges that the industry is facing. Furthermore, the analysis of inbound and outbound tourism shows the fact Malawi as a tourism destination will remain well-known destination for travel holiday makers and commercial tourist needs to augment the hospitality and touristic products and hospitality services. Furthermore, the analysis shows that the niche markets need specific approaches to position the industry within those niches. This calls for both public and private stakeholders to build an ethical national hospitality and tourism strategy.

## OBJECTIVES

1. To determine and evaluate any problems currently faced by the Hospitality and Tourism in Malawi industry.
2. Identify relevant stakeholders for the smooth running of the industry
3. To identify possible solutions to the problems

## HYPOTHESIS

1. H1: Hospitality and Tourism industry is effective to run in the country and has no challenges
2. H0: Hospitality and Tourism industry is not effectively run and has a lot of challenges

## RESEARCH METHODOLOGY

The research methodology encompassed all necessary steps for research activity to be effectively and efficiently administered. It includes the online questionnaire and telephone interviews to a sample of 250 participants. These were selected based on the non-probability sampling through judgment. Only 194 participants responded to the questionnaire. The targeted group was managers and the owners of the hospitality and tourism business entities. The findings were analyzed both qualitatively and quantitatively. It is believed that quantitative approach gives a lot of information and is easier to compile the data onto a chart or graph because of the numbers that are made available. On the other hand, qualitative techniques are easier to gain a better understanding of the research findings.

## REVIEW OF LITERATURE

According to the statistics, by World Travel and Tourism Council ([WTTC, 2016](#)) global impact of Hospitality, Travel and Tourism to Gross Domestic Products is significant and it is wealth investing in the said industry. Malawi in specific accounted for over 7.3 percent or over K170 billion to the economy in 2016. Furthermore, the industry has created direct and indirect jobs to the economy. The Malawi Government therefore recognizes such contributions and contemplates substituting the pugnacious o industries to aid revenue generating activities. The government continues planning by considering some steps that will ensure boosting the growth of international and domestic tourism to the country.

The destination currently works entirely through tour and travel dealers to enhance and maximize returns from the sector particularly in sporting, healthy and cultural tourism industry which are one of the fastest-growing areas of tourism in the country ([M. Riley, A. Ladkin, E. Szivas 2002](#)).

However, the challenge occurs where educational institutions pay little attention to curricula, learning and instructional materials ([Western Australia Tourism Commission, 2007](#)). The educational institutions are supposed to bring about knowledge change. However, the hospitality and tourism industry is characterized with the small and undeveloped institution, for example, the Malawi Institute of Tourism which offers diplomas to its students. Some higher learning institutions such as Mzuzu University, Blantyre International University have no enough and up to date equipment and personnel to deliver the course. This significantly portrays a picture that the human resources are mainly diplomats as opposed to first degree or postgraduate qualifications.

[M. Riley, A. Ladkin, E. Szivas \(2002\)](#) argues that labor shortage poses to a critical factor in hospitality and tourism industry ([Management Science and Engineering 2009](#)). A survey conducted by [Malawi Institute of Tourism \(2010\)](#) surprised the organization. The tracer study showed that of all students about 5000 on 26% of the total was still in the industry as 74% joined other industries and some traveled abroad. The suggested reasons have been the low salaries. The second reason has been little career growth. The third reason was the easy penetration by secondary dropouts. This has accumulatively contributed to poor service quality delivery.

The other challenge is advanced technologies in both hospitality and tourism industry ([Seyed Morteza Bagherifard 2013](#)). This type of challenge encompasses the reservation system. The number of reservations made via the Internet continues to increase. Many lines of phones increase chances for the hotel guests to press for an order for room services and guests check out. It is further entails that technologies enable hotels extract customer data from the system. It is also evidenced that technologies enables sales and marketing activities be performed effectively

According to [The Organisation for Economic Co-operation and Development \(2006\)](#) Tourism industry heavily depends upon the progress of the national economy. The lending rates, inflation, fiscal discipline and exchange rates are some of the key issues in defining economic strength. Malawi has for four years demonstrated weaker economic stand. The exchange rate has been varying, interest rates rocketing and inflation though seems stable but is at a higher rate. All these economic challenges pose a great obstacle in as far as tourism development is concerned ([Tione Kaonga 2013](#)).

According to The [Malawi Tourism Guide \(2017\)](#) Game reserves and National Parks are faced with poaching. The surrounding communities kill the animals as a source of protein and income. He is triggered by high population growth and poor sources of regular jobs. It is true for more Malawians fail to appreciate the significance of the tourism sector. Furthermore, population growth has tremendously resulted into infringement in the Game Reserves and National Parks.

Another challenge has been postured by communicable diseases such as HIV/AIDS, and other communicable diseases. The diseases kill more tourists in the country predominantly malaria and these tourists fear to undergo through this bad experience. This challenge has been coupled with the lack of social services such as hospital services and drugs. In Malawi the visitor attractions are situated in rural areas. Furthermore; the government hospitals have no adequate drugs to Carter for its patients. This is due to inadequate funding in the government hospitals.

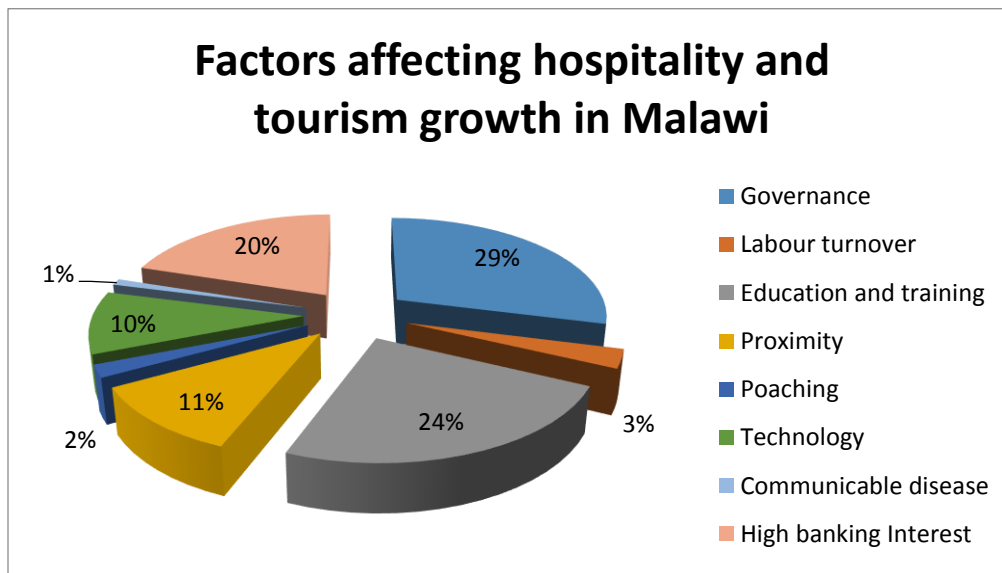
Poor governance attributes to poor infrastructural development ([The Organisation for Economic Co-operation and Development 2006](#)). It is a clear fact that unattractive touristic attractions (establishments) cannot attract both local and foreign tourists to the country. Good examples are Bona Shrine in Nsanje District, Magomero and Providence Industrial Mission (PIM) in Chiradzulu District, Mandala and Henry Henderson Institute (HHI) in Blantyre, Liwonde in Machinga, Cape Maclear in Mangochi just to mention a few. It seems the government lacks sight over the tourism attractions and instead focus is much in hotels and lodges. The marketing activities are centralized. The department of tourism collects 1% of the monthly revenue from all hospitality and tourism establishments. The collection is on the premise that the government will market these entire establishments. However, the policy enriches the few who are in the government and benefit only the bigger establishments.

Geographical location poses a great disadvantage to tourism growth of the country. The country is not close to the water bodies like oceans for international cruise ships. There is also a direct flight to the source markets such as Europe, America, and Asia. The triggers high transportation costs to Malawi. The transportation cost within Malawi is also high because the Fuel is expensive as it is imported from far such as Mozambique and Tanzania.

The research, therefore, was carried out to exponent further the challenges explained above by conducting research which profoundly dug into the current challenges faced by the hospitality and tourism business establishments in Malawi. The researcher believes it is imperative to study the challenges faced by the sector. Upon identification of the challenges, profound and amicable solutions will be found. Hence the industry will continuously and sustainably provide the immense benefits to the economy.

## FINDINGS AND DISCUSSIONS

The research exposed some challenges faced by the industry. The following are the results which are presented in the pie chart.



Governance has scored 29%, labor turnover 3%, education and training 24%, proximity 11%, poaching 2%, technology 10%, communicable diseases 1% and High banking rates 20%.

The statistics show that the governance and bank interest rates have scored high. This medium clearly indicates that the industry is poorly governed and the financing tourism project is a challenge. Poor governance attributes to poor road network to tourist areas, inadequate supply of electricity, water supply, stadiums, hospitals, airports and ICT infrastructural development. Furthermore, the previous, current and possibly the future governments are too corrupt and fraudulent. Therefore, this is agreeable to the literature review that it is an obvious fact that unattractive touristic attractions (establishments) cannot attract both local and foreign tourists to the country. It is imperative for the government to focus on the developing Bona Shrine in Nsanje District, Magomero and Providence Industrial Mission (PIM) in Chiradzulu District, Mandala and Henry Henderson Institute (HHI) in Blantyre, Liwonde in Machinga and Cape Maclear in Mangochi. The mentioned areas have potential to attract a lot of the tourists into the country. The respondents lamented the department of tourism collects 1% of the monthly revenue from all hospitality and tourism establishments. The collection is on the premise that the government will market for these entire establishments. It has been, however, observed that the policy enriches the few who are in the government and benefit only the bigger tourism establishments.

The respondents indicated that they lack formal training. They believe that knowledge and skills are potential for the growth of their businesses. They are aggrieved to the fact that government through the department of tourism removed a training levy which assisted some operators in getting training from Malawi Institute of Tourism at a subsidised price. They wish if the government could revert to the training levy. The respondents also wished if they could be attending Indaba to increase exposure. Furthermore, the industry is characterized by very few tourism training institutions, for example, the Malawi Institute of Tourism which offers diplomas only to its students. On the other hand higher learning institutions such as Mzuzu University, Blantyre International University has no enough and up to date equipment, curricula, and personnel to deliver the course. This is true to the fact that the industry is significantly portraying a picture that the human resources are mainly diplomats as opposed to first degree or postgraduate qualifications.

The bank interest rates are rated third. The business players hardly access loans from the commercial banks because of the high-interest rates. Malawi has for four years demonstrated weaker economic stand where the exchange rate has been varying, interest rates skyrocketing, and inflation though seems stable but is at 36.6%. All these economic challenges pose a great obstacle in as far as tourism development is concerned. Predictably this trend will lower investment levels and subsequently create unemployment in the country and tourism sector in particular.

Technological challenges and proximity to the source markets were rated fourth with a difference of only one point. Game reserves and national parks have no tracking technologies. Visitors see the game (animals) by chance. Very few have strong and comprehensive websites. A handful of hotels and lodges have booking technologies. The country has not GPS and no CCTVs for security to the tourists. Many lines of phones increase chances for the hotel guests to press for an order for room services and guests check out. It further entails that technologies enable hotels extract customer data from the system. It is also evidenced that technologies enable sales and marketing activities be performed effectively.

On the other hand, geographical location is a great disadvantage to Malawi economy. All airlines such as Malawian Airline, South African Airways, and Ethiopian Airways have no direct routes to source markets such as Europe, America, and Asia. This triggers high transportation costs to Malawi tourists. The transportation cost within Malawi is also high because the fuel is expensive as it is imported from the Middle East through Mozambique and Tanzania. It could be a necessity to bring airlines that could fly directly to the source markets. This could make perceived Malawi cheap.

Other challenging factors are labor turnover; poaching and communicable diseases. The industry is characterized with lower salaries. Many have joined other industries. This forces the operators to employ less educated people for fear of high salaries and labor turnover. This has eventually compromised on the quality of the services. The findings are in agreement to a tracer research Malawi Institute of Tourism in 2010 which showed that of 5000 students only 26% of the total was still in the industry as 74% joined other industries and some traveled abroad.

Another challenge is poaching in the Game Reserves and National Parks. The surrounding communities kill the animals as a source of income and food. The communicable diseases such as HIV/AIDS, malaria and other tropical diseases have also posed a threat to tourists. These have been reported to kill many tourists particularly malaria and they have feared to suffer this way.

## CONCLUSION

The research has demonstrated that poor governance, education and training and high bank interest rates are the major factors that tourism operators face in the country.

The government needs to improve on governance. It should improve the road network to tourist areas, improve the supply of electricity, water supply, construct stadiums in all bigger townships, have adequate drugs in hospitals, improve airports for international

flights and ICT infrastructural development to facilitate e-business. The government needs to foster legal instruments to combat corrupt and fraudulent practices.

The government through Public-Private Commission (PPC) should engage development of much attraction such as Bona Shrine in Nsanje District, Magomero and Providence Industrial Mission (PIM) in Chiradzulu District, Mandala and Henry Henderson Institute (HHI) in Blantyre, Liwonde in Machinga and Cape Maclear in Mangochi. This can be done through concessions.

The government should set aside funding for training or reintroduce the training levy. The government institutions should be supported to train the people.

Bank interest rate is too high for economic growth. Therefore, it would be necessary if the Reserve Bank of Malawi and the Ministry of Economic Planning evaluates the economic situation in Malawi caused by the monetary policies and then revisit the policies

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